

Message Text

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INFO AMEMBASSY BRUSSELS

AMEMBASSY THE HAGUE

AMEMBASSY LUXEMBOURG

AMCONSUL HONG KONG

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SUBJECT: PRC-BENELUX TRADE

1. SUMMARY. THE NETHERLANDS MOVED INTO A STRONG SURPLUS POSITION IN ITS 1975 TRADE WITH THE PRC. TOTAL TURNOVER INCREASED TO ABOUT \$172 MILLION DESPITE A SLACKENING OF DEMAND FOR CHINESE IMPORTS. A SIMILAR DECREASE IN IMPORTS RESULTED IN A SLIGHT DECREASE IN BELGIAN/LUXEMBOURG TRADE WITH THE PRC AND THE ELIMINATION OF THE BELGIAN DEFICIT. BOTH EMBASSIES ARE GUARDEDLY OPTIMISTIC ABOUT PROSPECTS FOR INCREASED TRADE IN 1976. END SUMMARY.

2. IN AN ABRUPT REVERSAL OF THE PREVIOUS FEW YEARS' TRADE BALANCES, THE NETHERLANDS MOVED INTO A SURPLUS POSITION IN 1975 TRADE WITH THE PRC. ACCORDING TO PROJECTIONS UPPLIED BY NETHERLANDS EMBOFF LEYDEKKERS, DUTCH EXPORTS ROSE MORE THAN 60 PERCENT TO ABOUT \$100 MILLION (266 MILLION GUILDERS), AND IMPORTS FELL SOME 20 PERCENT TO ABOUT \$72.8 MILLION (158 MILLION GUILDERS). TOTAL TURNOVER IN 1975 ROSE MORE THAN 20 PERCENT TO

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ABOUT \$172 MILLION.

3. THE DECREASE IN DUTCH IMPORTS IN 1975 RESULTED FROM A DECREASE IN A WIDE VARIETY OF IMPORT ITEMS, PARTICULARLY TEXTILES, TIN, AND CHEMICALS. THIS TREND MAY BE REVERSED AS DEMAND STRENGTHENS IN THE NETHERLANDS WITH IMPROVING INTERNATIONAL MARKET CONDITIONS. THE INCREASE IN DUTCH EXPORTS WAS COMPOSED PRINCIPALLY OF INCREASES IN SHIP SALES, WHICH ROSE ALMOST 300 PERCENT OVER 1974 TO ABOUT \$80 MILLION. ALSO CONTRIBUTING TO THE RISE IN EXPORTS WAS THE EIGHTFOLD INCREASE IN SHIPMENTS OF UREA, WHICH REACHED ALMOST \$20 MILLION IN 1975.

4. THE DUTCH EMBASSY FORESEES CONTINUED DUTCH EXPORT STRENGTH IN 1976, FOUNDED ON CONTINUED SALE OF SHIPS AND ON MACHINERY FOR THE KELLOGG CONTINENTAL UREA PLANTS. OFFSHORE OIL DRILLING EQUIPMENT SELECTED BY THE DUTCH EMBASSY FOR THEIR MAJOR EXPORT PROMOTION EFFORT IN 1976, AFTER A REPEAT OF THE 1973 DUTCH TECHNOLOGICAL EXHIBITION WAS VETOED BY THE CHINESE COUNCIL FOR THE PROMOTION OF INTERNATIONAL TRADE (CCPIT). THE CCPIT SAID A GENERAL TECHNOLOGICAL SHOW WOULD BE "AN UNWELCOME DUPLICATION," BUT ACCEPTED THE DUTCH PROPOSAL FOR A SEMINAR ON OFF-SHORE OIL EQUIPMENT. A GROUP OF TECHNICIANS REPRESENTING 10 OIL EQUIPMENT FIRMS WILL ARRIVE MARCH 8 FOR A 12-DAY VISIT HOSTED BY THE CCPIT.

5. PRC-NETHERLANDS MARITIME AGREEMENT. THIS AGREEMENT WAS SIGNED LAST AUGUST AFTER SIX MONTHS OF NEGOTIATIONS FOLLOWING THE VISIT TO CHINA OF THE NETHERLANDS MINISTER FOR SEA TRANSPORT. LEYDEKKERS NOTED THAT THE PERIOD REQUIRED FOR "TACIT APPROVAL" BY THE DUTCH PARLIAMENT HAD PASSED IN EARLY FEBRUARY AND THE AGREEMENT WAS NOW IN FORCE.

6. BELGIAN EMBASSY (VAN MIGEM) HAS INFORMED USLO THAT BELGIUM-LUXEMBOURG TRADE DECREASED SLIGHTLY FROM \$78 MILLION (3.14 BILLION BELGIAN FRANCS) IN 1974 TO ABOUT \$72 MILLION (2.9 BILLION BELGIAN LIMITED OFFICIAL USE

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FRANCS) IN 1975. A DECREASE IN DEMAND FOR CHINESE TEXTILES AND FOODSTUFFS, HOWEVER, ELIMINATED THE \$9 MILLION BELGIAN DEFICIT AND BROUGHT SINO-BELGIAN TRADE FOR 1975 INTO BALANCE AT ABOUT \$36 MILLION EACH OF EXPORTS AND IMPORTS. DEMAND IS EXPECTED TO REVIVE IN 1976.

7. THE UNKNOWN FACTOR IN 1976 BILATERAL TRADE IS

THE OUTCOME OF THE NEGOTIATIONS FOR THE
CONSTRUCTION OF A STEAM GENERATOR POWER PLANT BY THE
ACEC (ATELIERS DE CONSTRUCTIONS ELECTRIQUES DE
CHARLEROI). DISCUSSIONS OF THIS PROJECT WAS INITIATED
BY THE CHINESE DURING THE APRIL 1975 VISIT OF BELGIAN
PRIME MINISTER IINDEMANS, BUT THE NEGOTIATIONS SO
FAR HAVE BEEN INCONCLUSIVE. VAN MIGEM ESTIMATED THE
VALUE OF THE PLANT AT ROUGHLY \$200 MILLION.
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